

TO: Chief Elected Officials
WIB Chairs
WIB Directors
Fiscal Agents

FROM: Alan D. Degner
Commissioner

DATE: May 17, 2004

SUBJ: DWD Commissioner's Directive: 2003-35
Final Program Year 2004 Workforce Investment Act Formula
Allocations

RE: Workforce Investment Act

Purpose

To provide the Program Year 2004 (PY'04) Workforce Investment Act (WIA) Title I –B Adult, Dislocated Worker and Youth formula allocations. The program year runs from July 1, 2004 through June 30, 2005. Important facts with the PY'04 allocations are provided.

- Allotments to the States are based on the funds appropriated in the Consolidated Appropriations Act, 2004, Public Law 108-199, January 23, 2004. This appropriation requires an across-the-board reduction of 0.59 percent to all Fiscal Year (FY) 2004 (October 1, 2003 – September 30, 2004) discretionary programs, including FY 2004 advance funds for the WIA Adults and Dislocated Worker programs appropriated in the FY 2003 appropriation.
- Indiana's share of the reduction is \$56,008 for adults and \$81,206 for dislocated workers for a total of \$137,214. **NOTE: DWD absorbed both reductions; therefore, there are no reductions in the allocations to the WIBs.**

Rescission

DWD Commissioner's Directive: 2002-53, dated May 28, 2003, and entitled *Final PY'03 Workforce Investment Act Allocations*.

DWD's transfer policy, DWD Communication 98-56, dated April 12, 1999, is revised. The percentage that may be transferred between the adult and dislocated worker allocations is up to 30%.

Content

The Department of Workforce Development (DWD) is announcing the PY'04 WIA formula allocations for adults, dislocated workers, and youth. Information concerning the adult, dislocated worker and youth allotments and formula allocations follow:

Adult

The national adult WIA appropriation is \$898,890,800. Indiana's allotment is \$13,699,135. This is an increase of \$1,771,933 or 14.86% from PY'03.

Of the funding available for adults, not more than 15% may be reserved for statewide activities. Mandatory statewide employment and training activities include: disseminating the list of eligible training providers, OJT, and customized training providers; conducting evaluations of activities; providing incentive grants; providing technical assistance to local areas for failing standards; assisting in the establishment and operation of the one-stop system; and operating a fiscal and management accountability information system.

The State followed Section 133 (b)(2)(A)(i) of WIA in formula allocating funding for adult activities to each chief elected official. Final adult allocations are provided in the attachment. The following data were used in computing the allotments:

- The number of unemployed for Areas of Substantial Unemployment (ASUs) are averages for the 12-month period, July 2002 through preliminary June 2003;
- The number of excess unemployed individuals or the ASU excess (depending on which is higher) are averages for the same 12-month period used for ASU unemployed data; and
- The number of economically disadvantaged adult data (age 22 to 72, excluding college students and military) is from the 2000 Census.

Also, the State applied the hold harmless provision contained in Section 133(b)(2)(A)(ii.) The hold harmless provision guarantees a local area will not receive an allocation percentage for a fiscal year that is less than 90% of the average allocation percentage of the local area for the two preceding fiscal years.

The following are important facts concerning the WIA Adult allocation:

- The allocations are available for obligation beginning July 1, 2004.
- WIA adult cost limitations are allocation-based.

- Funds allocated to a local area under WIA Sections 128(b) and 133(b), for any program year, are available for expenditure only during that program year and the succeeding program year. (20 CFR Part 667.107(b))
- Funds must be a minimum of 80% obligated at the end of the program year in which the funds were formula allocated – June 30, 2004 for PY'04 WIA allocations. (WIA Sections 128(c)(2) and 133(c)(4))
- Funds must be 100% expended at the end of the program year succeeding the program year in which the funds were formula allocated or be returned to the State – June 30, 2006 for PY'04 WIA allocations. (20 CFR Part 667.107(b)(2))
- Local administration is limited to a maximum of 10%.
- A WIB may transfer up to 30% of the PY'04 adult allocation and up to 30% of the PY'04 dislocated worker allocation between the two programs. The Governor's approval must be provided before making any such transfer. WIBs can not transfer funds to or from the WIA youth program.

Dislocated Worker

The national dislocated worker appropriation is \$1,454,419,116. Indiana received an allotment of \$17,558,760, a decrease of \$1,109,043 or 5.94% from the PY'03 allotment.

Of the funding available for dislocated workers, not more than 25% may be reserved for statewide rapid response activities and not more than 15% may be reserved for statewide activities. Mandatory rapid response activities include assistance to local areas, which experience disasters, mass layoffs or plant closings, or other events, which increase the numbers of unemployed individuals, as well as rapid response activities. Please see the Adult section of this communication document for the appropriate use of 15% reserved for statewide activities.

The State followed Section 133(b)(2)(B)(i) of WIA in allocating funds for activities for dislocated workers to each chief elected official. Final dislocated worker allocations are provided in the attachment. The legislation mandates the factors that must be used in the local formula but permits States discretion in determining data sources and weights assigned each factor. The following data were used in computing the allotments:

Data Used to Compute PY'04 WIA Dislocated Worker Allocations

Allocation Factor	Data Source & Time Period	Weight
Insured Unemployment Data	Annual report of unemployment compensation claimants	30%

Unemployment Concentration Data	Labor force for counties report	30%
Plant Closing & Mass Layoff Data	Plant closure/mass layoff report	15%
Declining Industries Data	County employment patterns report	10%
Farmer/Rancher Economic Hardship Data	Census of Agriculture – county data	5%
Long-term Unemployment Data	Annual report of unemployment compensation claimants with 15 or more weeks claimed	10%

Reallotment of dislocated worker funds to States, as provided for by Section 132(c) of WIA, is based on completed state financial reports as of the end of the prior program year. Indiana did receive a dislocated worker reallotment in the amount of \$41,550. This was Indiana's portion of the PY'03 dislocated worker funds returned by other states. Because these are PY'03 funds and the life of the funds end June 30, 2006, these funds must be shown as "expended" first through our accounting system with an expenditure date before or "as of" June 30, 2006.

The following are important facts concerning the WIA Dislocated Worker allocation:

- The PY'04 allocation is available for obligation beginning July 1, 2004.
- WIA dislocated worker cost limitations are allocation-based.
- Funds allocated to a local area under WIA Sections 128(b) and 133(b), for any program year, are available for expenditure only during that program year and the succeeding program year. (20 CFR Part 667.107(b))
- Funds must be a minimum of 80% obligated at the end of the program year in which the funds were formula allocated – June 30, 2005 for PY'04 WIA allocations. (WIA Sections 128(c)(2) and 133(c)(4))
- Funds must be 100% expended at the end of the program year succeeding the program year in which the funds were formula allocated or be returned to the State – June 30, 2006 for PY'04 WIA allocations. (20 CFR Part 667.107(b)(2))
- Local administration is limited to a maximum of 10%.
- A WIB may transfer up to 30% of the PY'04 adult allocation and up to 30% of the PY'04 dislocated worker allocation between the two programs. The Governor's approval must be provided before making any such transfer. WIBs can not transfer funds to or from the WIA youth program.

Youth

The national youth WIA appropriation is \$995,059,306 . Indiana's allotment is \$16,271,301, an increase of \$672,137 or 4.31% from PY'03.

Of the funding available for youth, not more than 15% may be reserved for statewide activities. Please see the Adult section of this communication document for the appropriate use of the 15% reserved for statewide activities. The State followed Section 128(b)(2)(A)(i) of WIA in formula allocating funding for youth activities to each chief elected official. Final youth allocations are provided in the attachment. The following data were used in computing the allocations:

- The number of unemployed for Areas of Substantial Unemployment (ASUs) are averages for the 12-month period, July 2002 through preliminary June 2003;
- The number of excess unemployed individuals or the ASU excess (depending on which is higher) are averages for the same 12-month period used for ASU unemployed data; and
- The number of economically disadvantaged youth (age 16 to 21, excluding college students and military) are from the 2000 Census.

Also, the hold harmless provision contained in Section 128(b)(2)(A)(ii) was enacted. The hold harmless provision guarantees a local area will not receive an allocation percentage for a fiscal year that is less than 90% of the average allocation percentage of the local area for the two preceding fiscal years.

The following are important facts concerning the WIA Youth allocation:

- The allocations are available for obligation beginning July 1, 2004.
- Cost limitations for WIA youth allocations are allocation based.
- Funds allocated to a local area under WIA Sections 128(b) and 133(b), for any program year, are available for expenditure only during that program year and the succeeding program year. (20 CFR Part 667.107(b))
- Funds must be a minimum of 80% obligated at the end of the program year in which the funds were formula allocated – June 30, 2004 for PY'04 WIA allocations. (WIA Sections 128(c)(2) and 133(c)(4))
- Funds must be 100% expended at the end of the program year succeeding the program year in which the funds were formula allocated or be returned to the

State – June 30, 2006 for PY'04 WIA allocations. (20 CFR Part 667.107(b)(2))

- Local administration is limited to a maximum of 10%.
- WIBs can not transfer funds to or from the WIA youth program.
- No less than 30% must be expended on services to out-of-school youth.

Questions concerning the allocations may be addressed to William Miller, Director, WIA Administration, at 317/233-4010, or by email at wmiller@dwd.state.in.us. Questions concerning the grants may be addressed to Virginia Harrold, Supervisor, Grant Processing, at 317/233-7373, or by email at yharrold@dwd.state.in.us.

Effective Date

July 1, 2004.

Ending Date

June 30, 2005.

Ownership

WIA Administration has ownership of this policy.

Action

Local administrators are instructed to distribute the information contained in this policy to appropriate staff.